Knollwood Residents' Association
of the Army Distaff Foundation/
Knollwood Retirement Community
6200 Oregon Avenue, NW
Washington, DC 20015
Telephone: 202-541-0000

May 30, 2014

Statement for Hearing on
Current Hospital Issues in the Medicare Program
By the Health Subcommittee of the House Committee on Ways and Means

A major problem for senior residents who live in retirement communities and their families arises from the application of Medicare regulations to coverage of care in skilled nursing facilities.

When a patient is in a hospital, a doctor at the hospital determines whether he or she is there in either observation status or inpatient status. Although care provided for "outpatients" can be essentially the same as care for "inpatients," the implications of outpatient status for Medicare beneficiaries are significant. Outpatient costs are not covered by Medicare Part A. Most important, when a patient leaves a hospital after an outpatient stay, medically necessary follow-up care in a skilled nursing facility (SNF) is not covered. A patient must have three or more consecutive days as an inpatient for subsequent SNF care to be covered. If a patient's stay is classified outpatient, that status can continue, no matter what services are provided or how many days he or she remains hospitalized. If a patient's status is changed to inpatient, the three day requirement is counted from the date the status is changed and does not include the original days in outpatient status.

Seniors and their families have already been affected. At typical SNF daily costs of $200 or more, the effect can be catastrophic; and, yet, their gap in coverage is not widely understood.

If Medicare does not cover SNF care, neither will a Medigap policy. Those policies are designed to supplement authorized Medicare payments. Further, if a patient has private long term care coverage, the policy is likely to have an elimination period designed to take advantage of the 100 day Medicare coverage for SNF care. Even if the patient has purchased this kind of expensive private protection, 100 days of SNF will likely not be covered.

Previously, the status of a patient's stay was based on his own doctor's evaluation and the Medicare guideline that a stay must be 24 hours to have the inpatient status. The number of stays classified as outpatient has increased dramatically in recent years, likely under pressure for hospitals and other providers to reduce Medicare costs.

Medicare has implemented rule changes that require an admitting order for inpatient care. It must be furnished by a hospitalist, a doctor who is responsible for the patient's care at the hospital. That physician must determine that the patient is expected to be in the hospital for three days and must document the factors used to support that expectation. This presents increased uncertainties for patients:

- The new rule bases status on timing rather than medical necessity and increases the time required for a stay to be presumed inpatient.
- The physician's order will be given consideration by Medicare, but is not determinative. THE DETERMINATION MADE ON ADMITTANCE COULD THEN BE REVERSED BY MEDICARE REVIEWERS.
- The physician writing the order is not the patient's physician, who is familiar with the patient and his history, but instead is a hospitalist employed by the hospital.

The new rule has made a bad situation worse. **We urge you to adopt the Improving Access to Medicare Coverage Act of 2013 (House of Representatives H.R. 1179, Senate S. 569).** IT WOULD AMEND THE LAW TO SPECIFY THAT TIME RECEIVING HOSPITAL SERVICES IN OBSERVATION STATUS WILL COUNT TOWARD SATISFYING THE 3 DAYS OF INPATIENT SERVICES REQUIRED FOR MEDICARE COVERAGE OF SNF CARE.

Respectfully yours,,

Mary Popper, President
Knollwood Residents Association
E-mail: MaryMPopper@aol.com